- As the year 2015 begins, we find ourselves at the height of a historic earthquake, in multiple dimensions, the like of which hasn't been seen since the end of WWI and the collapse of the Ottoman Empire.

- In the Middle East – within three years, the "Arab spring" turned into the "Islamic winter" – borders have vanished and centuries of conflicts between tribes and factions are erupting onto the surface.

- The bi-polar and multi-polar world we knew has been replaced by a world with not even one geopolitical center of gravity. It is a Gestalt in which everything depends on everything else, and dealing with the challenges requires global cooperation.

- Israel finds itself at the center of a kind of "perfect storm,"the only outpost of the western way of life in the Middle East – at the meeting point

of the "clash of civilizations" between Islam and the West, as Huntington envisioned it, and at the same time, in the spinning "eye of the storm" of the clash of titans within Islam itself: between Sunni and Shi'ite, between tradition, extremism and terrorism on the one hand, and modernity and moderation on the other; between the dream of "past glory" and the vision of a "leap into the future". And all of this is drenched in a lot of blood.

This drama that has washed over the Arab world bears two lessons and one insight for us:

The 1st lesson: "Be modest in prophecy". In particular, when it comes to the future. Mubarak for example had about 400,000 people at his disposal working in various security agencies in order to preemptively predict events such as those that took place at Tahrir Square. And he did not foresee the uprising. So who can?

The 2nd lesson: When friends, and even the leaders among us, say: "Don't get swept into a panic – if something really grave happens (Iran for example) – the US will not stand by. The world will take action!"

And I say: Don't bet on it. Look at Syria. Assad has massacred 200,000 of his own people – with tanks, artillery, fighter jets, even chemical weapons – and the world did not lift a finger.

And the one insight: To all our opponents and even friends who tell us that our lack of success in reaching an agreement with the Palestinians is the root of all the troubles in the Middle East – the original sin! – I say: this is not true!

Even if I, in 2000 (or Rabin and Peres in 1994 or Olmert in 2008), were to have reached a peace treaty with the Palestinians – which would have been implemented a long time ago the "Muslim Brotherhood" would still have

taken control over Egypt and Al-Sisi would still have taken it back a short time after.

- Syria would still have been embroiled in a bitter civil war. And Iran – would still be striving for regional hegemony and nuclear military capability.
- The reasons for all the above are deeply rooted in the history of the nations and the region – and do not stem from the Israeli Palestinian conflict (they may be related to it in another way, which I will get to later on).
- In the new reality forged by the "Arab Spring," there is good news and bad news for us.

Let's start with the bad news:

ISIS, the disintegration of Syria, the events in Iraq – all of these are bad news that prove to us, time and time again, that the Middle East is indeed a tough neighborhood. There is no mercy for the

weak, and there will be no second opportunity for those who don't defend themselves. Every year, new threats arise. And the old ones: Hezbollah, Iran, terrorism –are all "alive and kicking" and growing even stronger.

But there is good news too. Israel is the strongest country in the region, from Tripoli in Libya to Tehran. It's the strongest militarily, strategically, and economically, and if we know act wisely–diplomatically too. Equally important: Israel will continue to be the strongest country in the region in the foreseeable future – especially if we manage to identify and cultivate these sources of empowerment and advantage – including:

- Armed Forces capable of defeating any outside combination of threats, including terrorism.
- A strong and growing economy in an open relationship with global markets.

- Foreign policy that assures international backing, especially American – diplomatic and economic-backing Israel's positions, and which holds the "moral high ground" vis-a-vis our enemies and opponents.

- The fact that Israel is stronger than any combination of enemies is what enables us to act from a position of strength and self confidence in order to change the reality : to counter the threats and to seize the opportunities.

- Let me elaborate briefly about each of the threats:

Two ironies and one insight about Isis.

Assad slaughtered 200,000 of his people including by using chemical weapons – and that wasn't enough to get the British parliament and Prime Minister Cameron or the American Congress and President Obama to act.

- Then, ISIS beheaded two journalists (not really a new practice in the Middle East) in front of the

cameras – and within 48 hours the world was united against them. Better late than never, so we have little reason to complain about the result. However, there is something to learn about the superficiality of the decision-making processes in our world.

Second: let's assume for a moment that ISIS is restrained in about a year (and hopefully – crushed)? – who wins

- The main winner is Assad, since the Coalition would have wiped out his main adversary, freeing him to focus more intensely on the rest of the rebels – meaning the "moderate" rebels, which the Coalition purports to train and reinforce in order to take him down.
- Iran also wins and of course Hezbollah - all members of President Bush's Axis of Evil. In other words: the Coalition is doing some of the "dirty work" for them.
- In my best assessment, the Turks are right in their position that

there is no point in striking ISIS unless you also set a goal to take down Assad, and act to achieve it.

The Turks are right in their call for a "humanitarian strip" – 25-30 km into Syrian territory along the borders, and declare it a “no fly zone”, a place for refugees (there are several million of them) to assemble and where they can receive humanitarian aid.

What hasn't been said explicitly is that such a deployment might lead sooner or later to engagement with the Syrian Air Force – followed by the Syrian Air Defense – which could develop into an opportunity to fundamentally change the balance of power and the course of the war against Assad's regime.

And one insight: ISIS may not be as strong as it is being portrayed. A coherent ,intense, coordinated action during the next year or two, particularly if performed according to the Turkish

outline and with massive Turkish involvement – could well put the Genie back into the bottle. However – let us make no mistake – ISIS is part of the radical Islamic web of terrorism. A web that is loosely knit, yet survives on strictly restricted resources – and demonstrates operational flexibility, survivability and a fanatic adherence to the goal.

- We're talking about ALQ, Jabhat al-Nusra in Syria, Lashkar-e-Taiba in India, the Houthis in Yemen, the Shabab in Sumali, Boko Haram in Nigeria and many more – all across the Muslim strip, from Marrakesh to Bangladesh.
- And this web is very resilient. Dealing with it will take war lasting for a generation, not just a few years. The struggle will require collaboration not just between the moderate Arab nations and Turkey – but a long-standing collaboration between the US, Russia, China, India and Europe – all are are

potential targets and victims of this terror everyone to some extent. Forging this collaboration is categorically more important than the events in Ukraine or the North Chinese Sea Islands.

Hezbollah is busy in Syria – . and would generally prefer to avoid provoking Israel. Some here would say that Nasrallah has been deterred, that the memory of 2006 is still fresh in his mind and he will not act. I have my reservations about the deterministic nature of this statement. "Deterrence" is a somewhat elusive term. This is not a "zero sum game" on a one-dimensional bar. This is a complex and context-related issue. Although under normal circumstances, each side has a fundamental position (let's assume for a moment that Hezbollah's position is "avoid provoking Israel") – it is still not hard to imagine an event, or damage to Hezbollah's (or Nasrallah's)

assets or prestige, that could lead it , despite its basic position, to take action contrary to its true fundamental position.

- Incidentally, this doesn't apply solely to "Hezbollah" – but to us too.
- Therefore, the working assumptions and the operational deployment must include the possibility of deterioration into a wide-scale confrontation with Hezbollah.

- And now, to Iran – which under certain circumstances might be the element that ignites or incites "Hezbollah" into action.
- Let us be clear – a nuclear Iran is a central threat to the entire world order, not just Israel. A nuclear Iran means the end of the non-proliferation regime– Saudi Arabia, within months, Turkey within a few years and Egypt might follow as well–and all will become nuclear.
- Every third-grade dictator will

be able to ensure his survivability against the outside world by following in the footsteps of Pakistan, North Korea and Iran.

- The "countdown" towards the troubling vision of Prof. Graham Allison of Harvard about nuclear weapons in the hands of terrorists – this countdown, even if it takes 15 years, will start. Therefore, blocking Iran from becoming a "threshold nuclear state" is crucial, and justifies every effort.

- Right now diplomacy is in hiatus at least until March 2015. It's hard to imagine a good agreement with the P5+1, and a bad agreement would be best left unsigned. The problem is that the Iranians have no real incentive to reach a “final agreement” that would keep them from becoming a nuclear power.

- As far as they're concerned, at any given time an improved "interim

agreement" would be better (unless the P5+1 yield to a bad agreement.)

- The Iranians are very sophisticated. In their opinion (I emphasize: in their opinion), the American government has changed its goal without admitting it, from "Iran will not have military nuclear capability. Period." to "Iran will not have military nuclear capability on our watch"
- This is of course a completely different thing. And this perception only reinforces Iran's obduracy and the delaying tactics that they've adopted.
- Israel has a supreme interest in "keeping all the options on the table". However, today, mostly against the backdrop of the drawn-out talks – Israel has an interest in maximizing its understanding with the United States and trying to convince it of the need for determination and perseverance;

for "sticks" as well as "carrots"; and of the importance of completely losing any illusions regarding the objectives of the Ayatollahs' regime.

- And from here, a sharp segue to the diplomatic challenges Israel faces, from the minor (for now) to the major.
- Israel is far from being a leaf in the wind. But the world has no geopolitical center of gravity – not the US, Russia, Europe or China –Israel isn't omnipotent either.
- It is wrong to disregard what's happening in Europe. It will not be resolved by saying that Europe is ridden with anti-Semitism (though there's quite a bit of truth to that).
- Regarding BDS, I used to tell the members of the Cabinet that– as long as these voices are coming from Eritrea or Mauritania, we can live with it for years. When it comes from Scandinavia and Britain – it's a different story, and must be taken

seriously.

Right now it is being espoused · by parliaments, not governments. But it could expand – to trade unions, to the academia, to consumer organizations and NGOs. And then, heaven forbid, eventually to governments – which will say "we are of the people ". We mustn't forget that Europe is Israel's No. 1 trading partner - not the US and not China. And Europe, with North America and a few countries in the East, is at the heart of the "reference group" of liberal democratic countries to which we want to belong, and rightfully so.

This leads us to the US – and · there, the diplomatic challenge is far greater. Israel is a sovereign state. On more than one occasion, I told President Obama, and before that Presidents Bush and Clinton, the following: "On issues that we believe are essential to the security and future

of Israel and of the Jewish people, Israel will make its decisions alone and on its own responsibility and act upon them. We cannot, and will not want to", I added, "delegate the responsibility for such decisions, when required, even to the best of our friends – which is you".

The US presidents, I note, did not always like this statement – but they respected it.

- In the same token, I told members of the cabinet more than once – "we must always remember that the US is also a sovereign state. And it expects us to respect its right to form its positions on the issues crucial to it, based on its own interests ". And we have to respect that.

- Without derogating from our responsibility to make and execute sovereign decisions – the reality is that there isn't full symmetry here.

- Our relations with the US

President, the administration, the Congress and the American people are vital to the State of Israel.

- The United States is Israel's main ally and strategic support. Our relations with it are the cornerstone of Israel's military capabilities, the IDF's qualitative edge, and Israel's strategic and political positioning.
- We receive $3 billion a year from the US, going back some 40 years now. What social or economic budget items would we forgo to make up the ₪12 billion gap if this assistance disappears?
- They're the only ones who can provide us with F-35 jets, the best aircraft in the world.
- These are mutually beneficial relations. The US also benefits from the unprecedented cooperation between our intelligence communities. And so do we.

We never expected, and will never ask others to fight for us – yet the US has

deployed advanced radar systems in Israel to provide early warning against long-range missiles, and holds military exercises on our soil and in the Mediterranean , preparing an American response in case Israel has to defend itself against missile attacks from Iran.

- We received about $1 billion from the US, by order of President Obama, for "Iron Dome", and assistance for the David's Sling and Arrow programs continues.
- We turn to the US to veto hostile initiatives against Israel in the United Nations Security Council. Or to soften the conclusions of the Goldstone Commission and its ilk.
- It is to them that we turned (and they responded to the best of their ability) in rather tense times, when a handful of our people were besieged in the embassy in Cairo, with an angry mob at the door.
- Secretary of State Kerry, and President Obama – went to great

lengths – and paid a considerable political (and often personal) price – to help us achieve a breakthrough with the Palestinians, though the effort did not succeed. Nor did we succeed (Rabin and Peres, myself, Olmert and Bibi as well). They shouldn't be ridiculed and debased for this. They should be appreciated. Even if we do not agree on all the details.

We will yet need their help in facing many trials in the future.

I recommend that we all remember this well. The rules of working with the Americans: Do not marginalize yourself. Do not fold. Yes – remember what the U.S. is for Israel. And Maintain–at almost any cost – mutual relations of trust and respect. It's good for Israel.

The American Congress, President Obama, Biden and Kerry are part of the solution, even if it tarries. They are not part of the problem.

- Ben Gurion used to say, with his iron logic, that "the future of Israel depends on our strength and our righteousness".
  - "Our strength" – that is the IDF's might and its strategic capabilities, the backing of the superpowers, our economic strength, and our social solidarity.
  - "Our righteousness" – not as an abstract concept – is our capacity to hold the"moral high ground" by means of a calculated effort to behave and be perceived as acting in good faith – to obtain peace, even if it delays.
  - This is also an an essential condition for achieving internal solidarity and the world's support for Israel (or for the support of most of the world that's important to **us**).
  - This is also an essential condition for achieving internal solidarity and willingness for sacrifice in a society where being called for battle or routinely risking your life is not a theoretical notion, but rather part

of our life experience that repeats itself time and again.

The fighting spirit, resilience and the internal solidarity are deeply bound to both our strength and our righteousness. Our righteousness is just as important as our strength.

Our righteousness, and not our strength in and of itself, is what gives Zionism's struggle its meaning and sense of purpose (especially for ones who can choose). The support of a superpower and the resilience of our society and economy, which are among the components of our "strength" – will never be without recognition of our righteousness. And without it, they will erode.

This is the time to point out the risk in the weakening of the cohesive forces which hold the Israeli society together. We are turning into an increasingly divided society whose very fabric seems to be ripping apart,

and which is riddled with hatred for one another. Left and right. Jews and Arabs. Secular and religious. Rich and poor. Center and periphery. Old and new. This is dangerous. The late Tunisian President Bourguiba (and later on Sadat in his debates with Assad just before the peace treaty with Israel) made the argument that there's no need to defeat Israel by force. Give them the opportunity – and they will collapse from within. But the opposite is true!

We have no intention of collapsing from within. But this requires that we come to our senses and act with the right national priorities in mind for society and the economy.

The young generation, the future, must be prioritized. And the same applies to those groups in society who carry its burdens:working hard, paying taxes and serving in the IDF. Cultivating mutual respect, openness, tolerance, and acceptance of others;

More equitable distribution of the national wealth; equal opportunities for all and encouraging individuals, groups and communities to take responsibility. All of these are part of our mission – and we have a long road ahead of us.

I am concerned about our addiction to internal quarrels just as much as I am concerned about our conflicts with external opponents. Our "righteousness" will not prevail and our "strength" will crack over time if we do not act decisively to establish, gradually yet persistently , norms of public life and civil society – which sets norms for what is done and what isn't done far above the criminal threshold.. We need profound change in the area of respect for the rule of law, standards of governance, keeping the thin line between freedom of expression and freedom of incitement – and immediately hitting the brakes on racism and Jewish terrorism –

which in my opinion should be treated within the criminal domain..

A few sentences on the “nation-state law”. This is a redundant and even harmful law. In general, and particularly at this point. To our friends it signals that Israel is losing its self-confidence regarding the obvious – namely,its unique identity as the Jewish-democratic state as reflected by the "Declaration of Independence".
To our enemies it provides an effective tool to make Israel a suspect– of being a country that's willingly drifting away from the norms of democracy – as a preliminary step towards institutionalized discrimination.
And one has to wonder: what was wrong with what we had until this point? What's wrong with the "Declaration of Independence"? Who needs this? And why?

Churchill once observed the difference between an optimist and

.pessimist

The pessimist – sees the difficultly in every opportunity

The optimist – sees the opportunity in every difficultly.

We have opportunities before us within all of the difficulties. The most important of all, a rare one, the kind that comes once in a generation – is the opportunity to establish a regional agreement. It is all the more important in light of the "Arab Spring" and following "Operation Protective Edge".

There is an opportunity to establish a regional agreement that fundamentally changes the realities of the region and Israel's future and status within it. An agreement that will move the region's entire economy forward together with the chance for stability and peace ,based on synergies and collaboration rather than hatred and revenge.

What do I mean? The events in recent years have created a strong common interest for Israel and the moderate Arab countries – Saudi Arabia and the Gulf States, Jordan, Egypt and perhaps even Turkey (which is not Arab). The focal interest is the struggle against radical Islamic terrorism and against Iran's hegemonic and nuclear intentions.

The challenge for us is based on there being, apparently, only one way to achieve that; and the upcoming elections in Israel force us to put it on hold for a few months.

And the way to do it is this: a strong, self-confident Israel, willing to hold serious negotiations with the Palestinians and the group of Arab nations within an international conference, backed by the US and the Quartet – in order to achieve a two-state solution and establish a regional agreement, while maintaining an unyielding and persistent fight against

terrorism and ensuring the IDF's qualitative military edge over any combination of opponents.

- The moderates among Arab rulers are unable (and also unwilling) to float this common interest and turn it into policy – because they worry how their people would respond. This is how the Palestinian issue is related to possibility of an overall agreement in the Middle East.
- And this isn't just an assessment.

- We must remember, vis-a-vis the Palestinians, Israel can (practically only) give. Regarding the rest of the moderate Arab world – Israel can also get, and a lot..

Not just recognition and legitimacy but also an opportunity for regional infrastructure projects – and mostly – for the beginning of a process, protracted though it may be – to change the region's fundamental

attitudes towards Israel.

- On the road to seize this opportunity – Israel will have to consider embracing the Saudi proposal, with Israel's reservations, as a basis to negotiate a regional agreement.
- This will take time. There will be ups and downs. The Palestinians are not an easy interlocutor. No one knows that better than I do..
- This might require long periods of interim agreements and even calculated unilateral steps that are coordinated with the US and the Quartet.
- It is possible that within the context of a regional agreement, the Palestinian State, once established, could be integrated into a structure of a closer cooperation that could include Jordan, Israel and perhaps another regional player.
- But to advance the chance of a regional agreement after the elections

in Israel – the Palestinian issue and the two-state solution must be at the top of the agenda.

- The idea that' the radical right raises from time to time – to continue to rule the entire territory and maintain a sort of "autonomy" for the Palestinians – is an illusion at best, and the first step of an upcoming blame game at worst. It will be brutally rejected by our closest friends – not to mention by each of the potential partners for the regional agreement – and by all of them together. This too is not a mere assessment.

- The claim that the events of the past year "prove" that Israel's vital security needs are incompatible with the "two-state solution" – is false. And I'm stating this as a professional position, not a political opinion.

- On the contrary – the IDF will be able to defend Israel better from an internationally recognized border that

includes the settlement blocs, a number of strategic sites on mountain ridge, a security zone east of Ben Gurion Airport and long-term military presence on the Jordan River.

- The real threat to the future of the Zionist Project – is not the security constraints of the "two-state solution" but rather a slippery slope leading to the "one-state solution" – a reality that would compromise Israel's security and worsen its diplomatic isolation – while inevitably (and this is the keyword) leading Israel into becoming a non-Jewish or non-democratic state. Not to mention the danger of descending into severe, perpetual hemorrhaging, lasting generations, by the two national communities locked in embrace– as we have seen in Belfast and Bosnia.

- The vision we all share – the vision of a "model society" in Israel, of positioning Israel, within 10-15 years,

among the group of the most advanced societies – in education and culture, science and technology, quality of life – and eventually standard of living (Finland and Denmark can do it? So can we!). A society in which its sons and daughters choose to live . And one that young Jews from all over the world consider a source of pride, inspiration – and even a worthy place to live in.

. The vision of a "model society" will not materialize unless we gather our mental strength and political will, despite the pain and the differences in our positions – and together embrace the "two-state solution under a regional agreement" – which even if it delays – is the only appropriate and feasible solution, the only realistic and proper goal for Zionism in this complex world of the 21st century.

. A friend (from the Likud, actually) told me that when he was

young, he visited Ben Gurion's home a few times. In one of their conversations, the boy asked the Old Man: "how is it that out of all of the people's leaders in the past 2,000 years, and even in the past 80 years, it was you who ended up founding the Jewish State?" And the Old Man answered: "In ancient times, everyone had a sixth sense, a sense of recognizing opportunities. This sense disappeared over time – in most people. But not for me! I saw an opportunity – and I seized it."

Ben Gurion did not speak of the horrors of the War of Independence, the doubts, the risks. many assumed we would fail. He talked about the opportunity and recognizing it. And the deed.

Like Ben Gurion at the time, · Menachem Begin – with Egypt, and Rabin – in the peace treaty with Jordan, and later Peres – with the first

steps towards the Palestinians, took huge national, diplomatic, security and political risks. Some paid a heavy price. Yitzhak paid the ultimate price. But they all dared – and acted. This is the true test of leadership. This is also the real test of creative statesmanship.

Formative leadership had always been rooted in a rare combination and fine balance between vision, daring and courage on one hand and judgment, complete sobriety and grasp of detail on the other. They will not come where anxiety, pessimism and passivity rule – these are recipes for the creating of self-fulfilling (necessarily pessimistic) prophecies.

The essence and the purpose of the Zionist movement was to defy the reality and the mindset that the Exile created. Its foundation lay in the decision to take our own fate in our own hands and move proactively to change reality, and not be swept away

.by the arbitrary waves of history

- Reality is knocking on our door. Not everything is certain. Nothing is ever certain. And nothing ever will be. Nevertheless – open the door – this is the true trial of the national leadership.
- Abba Eban used to say – the Palestinians have never missed an opportunity to miss an opportunity.
- Let's not fall into this trap – ourselves.
- Thank you.